**Comments on the Illinois Section 1115 Draft Waiver**
**From the Supportive Housing Providers Association of Illinois**

The Supportive Housing Providers Association (SHPA) appreciates the opportunity to provide comment on the draft waiver proposal, "Pathways to Transformation".

The Supportive Housing Providers Association (SHPA) is a statewide coalition of 120 non-profits providing supportive housing to homeless families and individuals and persons/families with disabilities. SHPA's vision includes the end of homelessness and unnecessary institutionalization through supports and community integration. We work to strengthen the supportive housing industry, enable the increased development of supportive housing and support not-for-profit organizations to develop and improve capacity for providing permanent supportive housing. We are dedicated to securing additional resources for supportive housing, streamlining the process of developing and operating supportive housing and improving the quality of service.

SHPA's focus is on the delivery of supportive housing (housing and supportive services) for homeless Individuals and families and/or disabled individuals and families, including persons with a mental illness, substance abuse disorder, chronic physical health conditions and HIV/AIDS. All individuals served are low or no-income individuals when they enter supportive housing. Almost all are, or soon will be, eligible for Medicaid. Many have been, or currently are, considered to be at high risk/high need for health concerns. We see housing as a social determinant of health. We see supportive housing as a healthcare service.

Supportive housing is a far less expensive option than emergency rooms, nursing homes, mental health facilities or prisons -alternatives to which these individuals turn when they can't access supportive housing services. By keeping individuals in the community, supportive housing saves the state $2,400 per year – a conservative estimate for each individual served *(Source: "Supportive Housing in Illinois: A Wise Investment," April, 2009, The Social Impact Research Institute of the Heartland Alliance).* The average cost per year per person/per year for supportive housing services is $4,000 *(Illinois Department of Human Services, FY 2012*). The **a**verage cost per year for a nursing home setting is $27,172, *(Illinois Department of Healthcare and Family Services).* The average cost per patient/per year in state prison is $38,268 *(VERA Institute for Justice, 2012)*. The average cost per person/per year in a state mental hospital is $127,810 *(FY 2014 budget and input from Illinois Department of Human Services mental health staff*.)

As requested by the Governor's Office consultants we are providing comments to address the four "Pathways" identified in the waiver proposal. Before discussing each Pathway, we offer several general comments:

- The waiver proposal is incomplete, missing several sets of information important to an understanding of the proposal, including - for example - a description of and the criteria for the proposed "tiered service" design and proposed levels of financial investment for several proposed services and programs. Without this additional information, it is difficult to understand the impact of the waiver proposal or to take a position of support for the proposal as a whole.
- The proposal addresses behavioral health service and system issues significantly in positive and negative ways. More detail is identified below in "Pathway 4".

- The proposal, in our view, does not take full advantage of its potential to move our healthcare system away from an over-reliance on institutions and toward community-based intervention, housing and support.
- While the proposal addresses the development of supportive housing services for individuals with a behavioral health concern, it does not concretely address the use of supportive housing services and associated housing for socio-economically and health-challenged individuals who are homeless or at risk of homelessness. "High risk/high need" individuals can be stabilized with housing first, accompanied by supportive services and subsequent connection to a health home and other social and behavioral health services.
- Supportive housing services are identified as non-State Plan services and are, presumably, not included in the consideration of workforce development strategies, infrastructure development, information system development efforts, incentive pools or other system transformation activities aimed at the state's Medicaid healthcare provider network. This approach leaves a powerful tool under-utilized.

We will elaborate on these points in addressing each "Pathway" below.

**Pathway 1: Transform the Health Care Delivery System**

SHPA supports the state's intent to bolster the University of Illinois (UIHS) and Cook County Health Systems (CCHHS) capabilities. It is noted however, on page 15, that the state will request CCHHS to target a population of justice-involved individuals and establish a temporary medical respite setting, drawing from resources for the homeless. It is wise to assist this justice-involved population, but it is un-wise to take resources from the vulnerable homeless population to support another group of vulnerable people. To properly implement this new service, a new set of resources will be required and reimbursement made available for this service. This transformation proposal involves the state's Medicaid service delivery system. However, if the service is to involve resources from the homeless service network, please note that approximately half of supportive housing providers - those who provide services to homeless individuals and may (or may not) have interest to become Medicaid-certified providers - are not in a position to meet certification, documentation and reporting requirements without substantial assistance for infrastructure and organizational development.

Under the newly created Nursing Facility Closure and Conversion Fund, we understand that nursing home owners would, in effect, be paid to close facilities. This is a buy-out program with no dollar amount specified in the proposal and no stated objective for reducing excess bed capacity. While SHPA supports the concept of transforming the system away from institutional care, without a capacity reduction target or proposed budget to consider and without a specific and concurrent financial commitment to development of community-based supportive housing, this concept is not supportable.

**Pathway 2: Build Capacity of the Health Care System for Population Health Management**

It is difficult to see the relationship of this pathway to supportive housing services, as drafted in the proposed waiver. The focus is on the state health department, local health departments, local hospitals and community health centers, with incentives paid to health plans for creating "health interventions" and the creation of "regional hubs". "Health interventions" are not defined, so it is difficult to understand what is proposed. As an additional concern, the scope of the regional health hub's work does not seem to encompass

community providers of health and health-related services. As a network of community-based health and health-related services, supportive housing providers, as the proposal is currently written, do not seem to be on this "Pathway".

**Pathway 3: 21st Century Health Care Workforce**

SHPA heartily endorses the healthcare workforce objectives outlined on page 22 of the draft waiver proposal. Many areas of Illinois have been designated as "health professional shortage areas" by the federal government. Clearly, Illinois has a need to focus on increasing the number of physicians, non-physician providers, healthcare professionals and community health care workers. It is unclear in the proposal, however, how broadly the term "community healthcare worker" will be applied and what classifications of employees may become involved in "21st century healthcare workforce" development activities. If these developmental activities are limited to Medicaid providers, then one-half of the supportive housing providers (those not Medicaid-certified providers) will not be brought into the 21st century by this proposed waiver.

SHPA is supportive of the proposal that "certain health workforce training programs and related supports be treated as Designated State Health Programs (DSHP). The proposal does not, however, identify what training programs will be selected, nor does the proposal identify a dollar amount for this effort. SHPA suggests that the training program used to educate community providers about the SOAR (SSI/SSDI Outreach, Access and Recovery) application process be included as a DSHP.

SHPA is supportive of proposed loan repayment proposals and encourages the state to include a range of licensed and/or certified professional classifications (i.e., social workers, psychologists, clinical professional counselors, peer specialists) as part of the proposed program. SHPA encourages the state to establish and include in the proposed loan repayment proposal a certification process for "residential service associates", qualified staff who serve in a capacity for homeless services' supportive housing similar to the "residential service associate" role in the mental health service.

**Pathway 4: LTSS Infrastructure, Choice, and Coordination**

SHPA enthusiastically supports the waiver proposals to:

- Rebuild and expand its home and community-based infrastructure, especially for those with complex health and behavioral health needs (waiver application, page 38).
- Expand Assertive Community Treatment (ACT) teams and Community Support Teams (CST). It will be necessary upon waiver approval and implementation to incorporate a rate structure for ACT and CST that fully supports the costs of these services.
- Financially support credentialed recovery support services (often called "peer support") for persons with mental illnesses. Such services should not be limited only to "those who did not benefit from the newly progressive and pre-emptive approach," but rather must be broadly available to Medicaid recipients (waiver application, page 40).
- Include SOAR (SSI Outreach, Access and Recovery) application work as a reimbursable activity under the proposed incentive pool for behavioral health providers. It also should specifically be included as a reimbursable activity/homeless service. The SOAR process is equally or perhaps more important for individuals experiencing or at risk of homelessness. It provides the best hope for many to gain some

limited resource, gain the ability to contribute a percentage of this income for housing and afford basic needs, including food and utilities.

- Expand supportive housing for individuals with a mental illness. As the waiver states, supportive housing is a necessary component of any effort to care for persons with behavioral health conditions. Permanent supportive housing has long been identified as an evidence-based practice for individuals with a serious mental illness, as formally recognized by the federal Substance Abuse and Mental Health Services Administration. Illinois' supportive housing providers have demonstrated, through formal research findings, reductions in emergency department and inpatient use in both mental health and homelessness supportive housing. Supportive housing is an evidence-based-treatment that directly impacts the individual's health. SHPA urges the state to expand supportive housing and associated supportive services for individuals with a mental illness and individuals experiencing or at risk for homelessness. As the draft waiver proposal states, "supportive housing prevents individuals from unnecessarily living in costlier institutional settings, but a growing body of research suggests that stable and affordable housing may help individuals living with chronic diseases and behavioral health conditions maintain their treatment regimens and achieve better health outcomes at a lower cost". SHPA suggests that revenues generated through waiver-proposed CNOM (costs not otherwise matchable) requests be directed, in part, to support a rental subsidy program for individuals with complex health issues and associated supportive services. Rental subsidy is preferred over capital investment; it permits availability of housing quickly, in contrast with capital investment for housing development that often requires a multiple-year development process.

While SHPA strongly endorses the proposed expansion of supportive housing services for individuals with a mental illness, we are concerned about the proposal's statement about supportive housing for other populations in need. While the proposal states that "Illinois seeks to expand access to supportive housing by incentivizing the health care delivery system to invest in and build linkages with providers of housing and supportive housing services", the state has chosen not to include supportive housing in the State Plan for Medicaid services and intends only to include the minimal contract language that managed care organizations (MCO) and managed care community networks (MCCN) "consider" the use of supportive housing and will not include this "consideration" in contract language for care coordination (CCE) and accountable care (ACE) entities waiver application, page. Further concern is raised by the statement that this "considered" supportive housing would be financed through an add-on to the managed care administrative reimbursement. Simply stated, managed care organizations should "consider" the use of supportive housing" but would pay for supportive housing services from their own paycheck. Although the proposal includes an intent to expand supportive housing and includes a statement about the value of supportive housing, the actual commitment of resources is not there. This is not a wise position for the state; it will cost more and bring less population health improvement.

Supportive housing providers are deeply concerned about the prospect of deferring to MCOs and MCCNs the decision over whether to finance supportive housing (particularly when such funds would be allocated via an

administrative fee). We would instead strongly urge the administration to mandate the inclusion of supportive housing as part of the state's plan.

SHPA reserves opinion about the waiver proposal's stated plan for the state to develop common service definitions, provider qualifications and reimbursement schedules, simplification of the claims payment processes for both fee for service and for managed care encounter data, the universal assessment tool and the undefined "tiered" service approach. The "devil is in the detail" for these planned changes. The potential for "unintended consequences" by collapsing nine existing waivers, mental health and substance abuse services into one mega-waiver is large and, potentially, de-stabilizing for unprepared and resource-poor community providers. Attention must be paid to supporting these organizations, preserving and enhancing their service capabilities, establishing reimbursement strategies that rebuild a weakened system and supporting administrative and information technology capabilities.

SHPA is cautiously supportive of the waiver proposal's request that Specialized Mental Health Rehabilitation Facilities (SMHRF) services be treated as costs not otherwise matchable (CNOM) for the five-year waiver period. SHPA supports the state's proposal request for CNOM, because it has potential to provide opportunity to capture federal financial participation (FFP) for these services and could create a pool of funds that could be used to develop community-based services, including supportive housing (housing and supportive services). We are skeptical about this request's approval by the federal government because the SMHRF is formally designated as an Institution for Mental Disease (IMD) and does not qualify for FFP. IMD services are excluded under the well-know IMD exclusion contained in the Social Security Act.

While SHPA supports the CNOM attempt to gain additional FFP, we do not support the use of these CNOM-generated funds for additional payment to SMHRFs for crisis or acute reimbursement. The likelihood of federal approval of this CNOM proposal, we submit, is decreased by the proposal's inclusion of this special request for additional payments to the IMDs. We believe all of the monies generated through this CNOM program should be used exclusively for the development and support of community-based services, thereby generating legitimate state claims for FFP and further supporting additional community-based service provision. We do not support the continuing use of SMHRF services. We support the accelerated development of community-based services. More than any other state, Illinois has relied on nursing homes, including those classified as IMDs (now relabeled as SMHRFs), to house people with mental illnesses. Illinois' recent decision to move away from this reliance by entering into the *Williams v. Quinn* and *Colbert v. Quinn* consent decrees committed the state to a system of more humane, efficient and non-institutional care as required by the Americans with Disabilities Act and the U. S. Supreme Court's decision in *Olmstead v. L.C.* There is no reason to abandon or delay the implementation of these consent decrees by using federal funding for these institutions. Waivers should not be used to increase the institutionalization of persons with mental illnesses, nor should they be used as a stop-gap resource for housing chronically homeless people.

Once again, SHPA thanks the Governor's Office for the opportunity to present written comment about the draft waiver proposal. Our staff and Board of Directors are at your disposal for additional input or to answer any questions you may have.